



QUARTERLY STATEMENT

AS OF MARCH 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []	
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]	
	Other []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.priority-health.com					
Statutory Statement Contact	Kristy Lynn Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Kimberly L Thomas	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Aloia	Craig H Bethune	Richard C Breon	Georgia R Fojtasek
Michael P Freed	Rajesh Kothari	Lynn Liddle	Peter B Lundeen
Christina MacInnes	Edward M Millermaier	Ed Ness #	Kathleen S Ponitz
Robert W Roth	Paul Saginaw	Thomas G Schwaderer	Dale M Sowders
James J Stephanak	Gary Timmer #	Jody D Vanderwel	Wendy Walker #
Samuel Wanner			

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Mary Anne Jones Interim Treasurer	Kimberly L Thomas Secretary
Subscribed and sworn to before me this day of May, 2011		a. Is this an original filing? Yes [X] No []
Catherine H Sochanek, Executive Administrative Assistant 05/12/2016		b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	115,620,256		115,620,256	115,227,655
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	102,189,351	1	102,189,350	97,684,772
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	1,008,722	1,008,722	0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (12,667,292)), cash equivalents (\$0) and short-term investments (\$213,964,161)	201,296,869		201,296,869	174,427,511
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	420,115,198	1,008,723	419,106,475	387,339,938
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	2,119,216		2,119,216	2,469,212
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	23,113,505	172,146	22,941,359	15,517,993
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	4,364,848		4,364,848	2,358,142
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$0)	16,844,530	16,844,530	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	9,756,515		9,756,515	10,497,693
24. Health care (\$5,902,280) and other amounts receivable	10,144,328	1,898,684	8,245,644	7,054,332
25. Aggregate write-ins for other than invested assets	1,532,367	1,532,367	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	487,990,507	21,456,450	466,534,057	425,237,310
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	487,990,507	21,456,450	466,534,057	425,237,310
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Goodwill	1,275,000	1,275,000	0	0
2502. Prepaid expenses	257,367	257,367	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	1,532,367	1,532,367	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	121,531,617	10,493,144	132,024,761	128,605,228
2. Accrued medical incentive pool and bonus amounts	35,488,812		35,488,812	27,462,429
3. Unpaid claims adjustment expenses	2,300,224	248,217	2,548,441	2,386,647
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	16,937,885		16,937,885	11,972,775
9. General expenses due or accrued	5,949,565		5,949,565	6,104,573
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	156,734		156,734	156,734
13. Remittances and items not allocated	1,788,151		1,788,151	1,753,188
14. Borrowed money (including \$0 current) and interest thereon \$694 (including \$694 current)	10,000,694		10,000,694	10,002,469
15. Amounts due to parent, subsidiaries and affiliates	40,177,288		40,177,288	29,474,942
16. Derivatives			0	0
17. Payable for securities	4,449,861		4,449,861	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	2,562,022		2,562,022	3,198,419
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	241,342,853	10,741,361	252,084,214	221,117,404
25. Aggregate write-ins for special surplus funds	XXX	XXX	1,000,000	1,000,000
26. Common capital stock	XXX	XXX	8,524	8,524
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
29. Surplus notes	XXX	XXX	30,039,572	30,039,572
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	147,580,745	137,250,808
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26) \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27) \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	214,449,843	204,119,906
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	466,534,057	425,237,310
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	1,000,000	1,000,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	1,306,259	1,244,828	5,055,349
2. Net premium income (including \$0 non-health premium income).....	XXX	461,169,681	404,813,126	1,653,567,234
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0	.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0	.0
5. Risk revenue	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues	XXX	139,002	129,777	624,322
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	461,308,683	404,942,903	1,654,191,556
Hospital and Medical:				
9. Hospital/medical benefits		304,673,341	274,303,969	1,127,531,998
10. Other professional services		218,329	160,581	801,732
11. Outside referrals		8,537,974	8,523,315	40,936,382
12. Emergency room and out-of-area		11,860,480	9,795,647	47,139,274
13. Prescription drugs		77,944,250	69,774,225	289,551,037
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		9,180,171	5,940,774	28,601,619
16. Subtotal (Lines 9 to 15) .....	.0	412,414,545	368,498,511	1,534,562,042
Less:				
17. Net reinsurance recoveries			119,482	131,594
18. Total hospital and medical (Lines 16 minus 17) .....	.0	412,414,545	368,379,029	1,534,430,448
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 5,144,977 .....cost containment expenses.....		11,719,114	11,083,158	43,679,933
21. General administrative expenses.....		29,006,649	27,028,797	99,978,445
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	453,140,308	406,490,984	1,678,088,826
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	8,168,375	(1,548,081)	(23,897,270)
25. Net investment income earned		(234,348)	2,123,562	11,412,382
26. Net realized capital gains (losses) less capital gains tax of \$.....0		106,345	(8,778)	2,295,881
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	(128,003)	2,114,784	13,708,263
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	772,388	740,364	3,026,820
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	8,812,760	1,307,067	(7,162,187)
31. Federal and foreign income taxes incurred	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31)	XXX	8,812,760	1,307,067	(7,162,187)
DETAILS OF WRITE-INS				
0601. Wellness Program Revenue.....	XXX	139,002	129,777	624,322
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	139,002	129,777	624,322
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Management Fee Revenue.....		772,388	740,364	3,026,820
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	772,388	740,364	3,026,820

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL & SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	204,119,903	234,906,296	234,906,296
34. Net income or (loss) from Line 32.....	8,812,760	1,307,067	(7,162,187)
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	310,979	490,477	(17,110,424)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	1,206,201	833,611	(2,713,782)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	(3,800,000)
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....0		0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....0		0	0
48. Net change in capital and surplus (Lines 34 to 47).....	10,329,940	2,631,155	(30,786,393)
49. Capital and surplus end of reporting period (Line 33 plus 48)	214,449,843	237,537,451	204,119,903
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....0		0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	456,744,366	405,277,138	1,642,985,558
2. Net investment income.....	278,619	2,749,546	12,069,596
3. Miscellaneous income.....	139,002	129,777	624,322
4. Total (Lines 1 to 3).....	457,161,987	408,156,461	1,655,679,476
5. Benefit and loss related payments.....	399,819,761	356,518,515	1,502,114,239
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	40,582,986	36,054,994	138,269,535
8. Dividends paid to policyholders.....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	440,402,747	392,573,509	1,640,383,774
11. Net cash from operations (Line 4 minus Line 10).....	16,759,240	15,582,952	15,295,702
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	14,224,307	18,264,724	84,581,833
12.2 Stocks.....	0	0	188,370
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	4,139
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(197)	3,136	9,244
12.7 Miscellaneous proceeds.....	4,483,849	606,769	128,297
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	18,707,959	18,874,629	84,911,883
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	14,501,743	13,199,560	50,825,861
13.2 Stocks.....	4,193,601	4,420,970	37,270,035
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	165,235
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	171,594	171,594	171,593
13.7 Total investments acquired (Lines 13.1 to 13.6).....	18,866,938	17,792,124	88,432,724
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(158,979)	1,082,505	(3,520,841)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	(3,800,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	(1,775)	10,001,805	10,002,469
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	10,270,872	(9,580,853)	(12,593,232)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	10,269,097	420,952	(6,390,763)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	26,869,358	17,086,409	5,384,098
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	174,427,511	169,043,413	169,043,413
19.2 End of period (Line 18 plus Line 19.1).....	201,296,869	186,129,822	174,427,511

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	432,079	1,549	382,707	547	.0	.0	.0	47,276	.0	.0
2 First Quarter	436,827	1,572	378,501	1,811				54,943		
3 Second Quarter .....	.0									
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6 Current Year Member Months	1,306,259	4,643	1,132,897	5,127				163,592		
Total Member Ambulatory Encounters for Period:										
7. Physician	1,109,748	3,518	858,412	4,113				243,705		
8. Non-Physician	122,639	389	94,863	455				26,932		
9. Total	1,232,387	3,907	953,275	4,568	.0	.0	.0	270,637	.0	.0
10. Hospital Patient Days Incurred	44,529	73	17,764	80				26,612		
11. Number of Inpatient Admissions	8,060	18	4,451	20				3,571		
12. Health Premiums Written(a)	461,616,396	1,766,428	339,206,298	762,192				119,881,478		
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	461,169,681	1,764,184	338,775,324	761,782				119,868,391		
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	399,819,761	1,527,820	301,409,612	235,008				96,647,321		
18. Amount Incurred for Provision of Health Care Services	412,414,546	1,575,948	304,452,370	318,077				106,068,151		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$119,881,478

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	85,733,470	222,956,943	14,046,187	78,710,707	99,779,657	94,832,969
2. Medicare Supplement	7,351	235,008		83,077	7,351	7,351
3. Dental only					0	0
4. Vision only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	30,352,665	66,294,656	4,174,531	35,010,259	34,527,196	33,764,908
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	116,093,486	289,486,607	18,220,718	113,804,043	134,314,204	128,605,228
10. Healthcare receivables (a)	6,914,121		1,149,133	5,765,253	8,063,254	8,063,254
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	968,656	185,133	25,874,643	9,614,169	26,843,299	27,462,429
13. Totals (Lines 9-10+11+12)	110,148,021	289,671,740	42,946,228	117,652,959	153,094,249	148,004,403

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Priority Health's statutory-basis financial statements are prepared in accordance with the *Accounting Practices and Procedures Manual* published by the National Association of Insurance Commissioners.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company made a \$4,000,000 capital contribution to its subsidiary, Priority Health Insurance Company, in March 2011.

11. Debt

In 2008, the Company obtained a \$10,000,000 line of credit from its parent company, Spectrum Health, which was outstanding at March 31, 2011. The line of credit requires interest be paid in installments and matures in February 2013. This line of credit bears interest at a floating rate based on one-month LIBOR plus 85 basis points (1.25% at March 31, 2011).

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

NOTES TO FINANCIAL STATEMENTS

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. Fair Value Measurements

The Company’s financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements and Disclosures*). The hierarchy gives the highest ranking to fair values determined using unadjusted quoting prices in active markets for identical assets and liabilities (Level 1) and the lower ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset’s or a liability’s classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The following table summarizes the valuation of the Company’s financial instruments by the above pricing categories:

	Quoted Prices In Active Markets (Level 1)		Prices With Other Observable Inputs (Level 2)		Prices With Unobservable Inputs (Level 3)
	Total				
<i>(In Thousands)</i>					
December 31, 2010					
Common stock	\$ 53,793	\$ 53,793	\$ -	\$ -	
	\$ 53,793	\$ 53,793	\$ -	\$ -	
December 31, 2009					
Common stock	\$ 46,865	\$ 46,865	\$ -	\$ -	
	\$ 46,865	\$ 46,865	\$ -	\$ -	

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

25. Change in Incurred Claims and Claim Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve

NOTES TO FINANCIAL STATEMENTS

adjustments were unfavorable by \$5.7 million year-to-date, increasing the prior year-end claim reserve estimates of \$128.6 million to \$134.3 million.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☐
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2009
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/26/2008
- 6.4

By what department or departments?
State of Michigan Office of Financial and Insurance Regulation.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☐ No ☐ NA ☒
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$7,945,396

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0
13.

Amount of real estate and mortgages held in short-term investments:\$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$0	\$0
14.22 Preferred Stock	\$0	\$0
14.23 Common Stock	\$46,388,713	\$46,396,311
14.24 Short-Term Investments	\$0	\$0
14.25 Mortgage Loans on Real Estate	\$0	\$0
14.26 All Other	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$46,388,713	\$46,396,311
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$0	\$0
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH

1.

1

Amount

1. Operating Percentages:

1.1 A&H loss percent

90.5 %

1.2 A&H cost containment percent

1.1 %

1.3 A&H expense percent excluding cost containment expenses

7.7 %

2.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

2.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

2.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$

SCHEDULE S - CEDED REINSURANCE

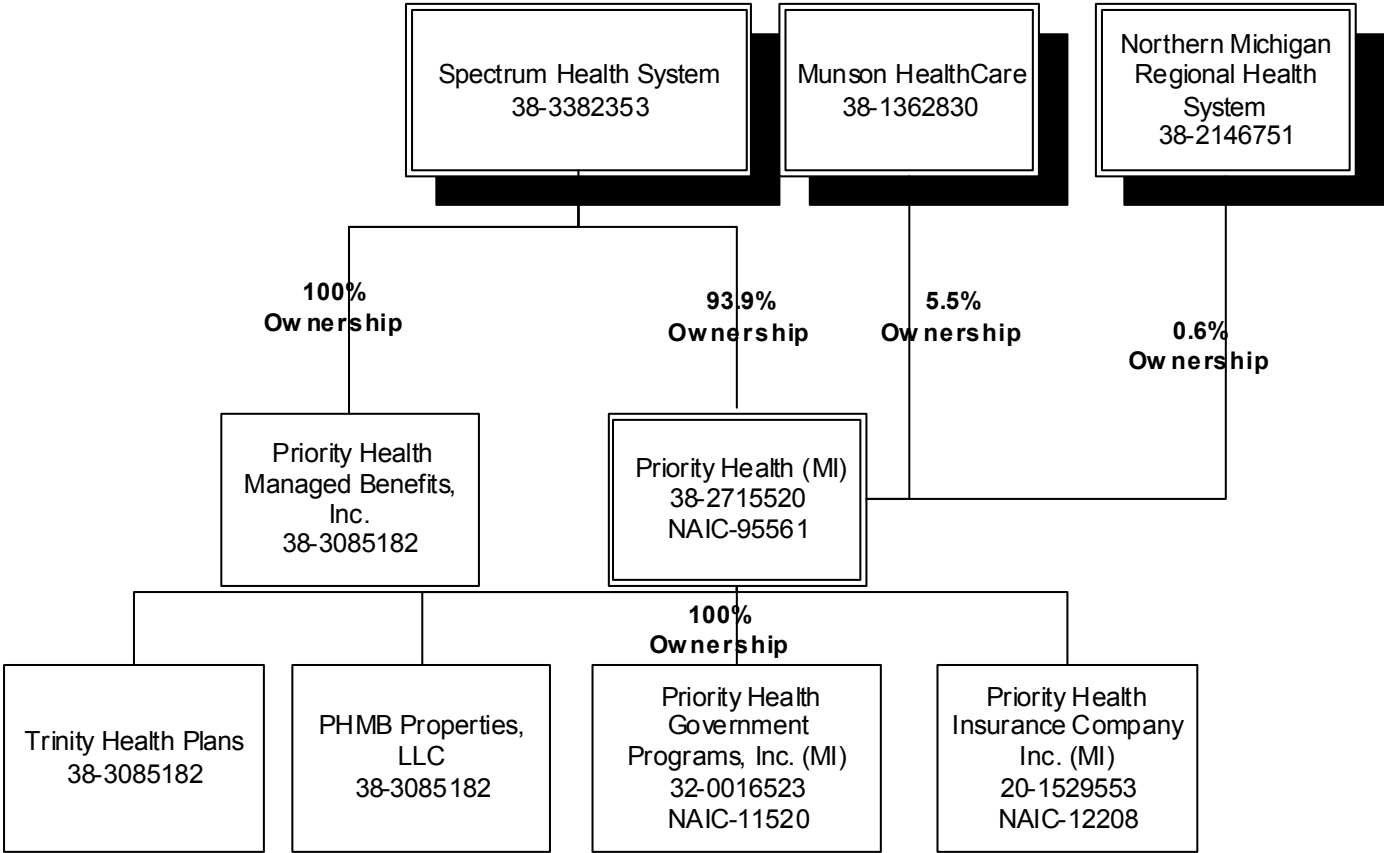
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N						.0	
2. Alaska	AK	N						.0	
3. Arizona	AZ	N						.0	
4. Arkansas	AR	N						.0	
5. California	CA	N						.0	
6. Colorado	CO	N						.0	
7. Connecticut	CT	N						.0	
8. Delaware	DE	N						.0	
9. Dist. Columbia	DC	N						.0	
10. Florida	FL	N						.0	
11. Georgia	GA	N						.0	
12. Hawaii	HI	N						.0	
13. Idaho	ID	N						.0	
14. Illinois	IL	N						.0	
15. Indiana	IN	N						.0	
16. Iowa	IA	N						.0	
17. Kansas	KS	N						.0	
18. Kentucky	KY	N						.0	
19. Louisiana	LA	N						.0	
20. Maine	ME	N						.0	
21. Maryland	MD	N						.0	
22. Massachusetts	MA	N						.0	
23. Michigan	MI	L	341,734,918	119,881,478				461,616,396	
24. Minnesota	MN	N						.0	
25. Mississippi	MS	N						.0	
26. Missouri	MO	N						.0	
27. Montana	MT	N						.0	
28. Nebraska	NE	N						.0	
29. Nevada	NV	N						.0	
30. New Hampshire	NH	N						.0	
31. New Jersey	NJ	N						.0	
32. New Mexico	NM	N						.0	
33. New York	NY	N						.0	
34. North Carolina	NC	N						.0	
35. North Dakota	ND	N						.0	
36. Ohio	OH	N						.0	
37. Oklahoma	OK	N						.0	
38. Oregon	OR	N						.0	
39. Pennsylvania	PA	N						.0	
40. Rhode Island	RI	N						.0	
41. South Carolina	SC	N						.0	
42. South Dakota	SD	N						.0	
43. Tennessee	TN	N						.0	
44. Texas	TX	N						.0	
45. Utah	UT	N						.0	
46. Vermont	VT	N						.0	
47. Virginia	VA	N						.0	
48. Washington	WA	N						.0	
49. West Virginia	WV	N						.0	
50. Wisconsin	WI	N						.0	
51. Wyoming	WY	N						.0	
52. American Samoa	AS	N						.0	
53. Guam	GU	N						.0	
54. Puerto Rico	PR	N						.0	
55. U.S. Virgin Islands	VI	N						.0	
56. Northern Mariana Islands	MP	N						.0	
57. Canada	CN	N						.0	
58. Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59. Subtotal	XXX	341,734,918	119,881,478	.0	.0	.0	.0	461,616,396	.0
60. Reporting entity contributions for Employee Benefit Plans	XXX							.0	
61. Total (Direct Business)	(a) 1	341,734,918	119,881,478	0	0	0	0	461,616,396	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.Business not written

Bar Code:

1.



95561201136500001

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,042,708	1,009,909
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		165,235
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		4,139
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation	33,986	128,297
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	1,008,722	1,042,708
10. Deduct total nonadmitted amounts	1,008,722	1,042,708
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	212,912,429	224,769,060
2. Cost of bonds and stocks acquired	18,695,344	88,095,896
3. Accrual of discount	23,207	162,603
4. Unrealized valuation increase (decrease)	310,977	(17,110,424)
5. Total gain (loss) on disposals	278,136	2,458,230
6. Deduct consideration for bonds and stocks disposed of	14,224,307	84,770,202
7. Deduct amortization of premium	186,179	692,734
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	217,809,607	212,912,429
11. Deduct total nonadmitted amounts	1	1
12. Statement value at end of current period (Line 10 minus Line 11)	217,809,606	212,912,428

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	279,914,576	150,573,432	118,117,963	(1,104,545)	311,265,500	0	0	279,914,576
2. Class 2 (a).....	18,867,242	7,138,129	7,617,851	(68,603)	18,318,917	0	0	18,867,242
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	298,781,818	157,711,561	125,735,814	(1,173,148)	329,584,417	0	0	298,781,818
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	298,781,818	157,711,561	125,735,814	(1,173,148)	329,584,417	0	0	298,781,818

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	213,964,161	XXX	215,649,055	1,426,798	139,731

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	183,554,162	117,379,051
2. Cost of short-term investments acquired	143,209,818	461,634,465
3. Accrual of discount.....	115	1,880
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	(197)	9,244
6. Deduct consideration received on disposals.....	111,789,446	391,758,995
7. Deduct amortization of premium.....	1,010,291	3,711,483
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	213,964,161	183,554,162
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	213,964,161	183,554,162

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired.....	0	5,043,000
3. Accrual of discount.....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	0	5,000,000
7. Deduct amortization of premium.....	0	43,000
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
312941-3N-5.....	FHLMC A93505.....		.01/03/2011.....	BNP.....		.949,755.....	.927,864.....	.1,392.....	.1.....
3138A5-FX-5.....	FNMA #AH3781.....		.02/08/2011.....	BNP.....		.972,580.....	.998,398.....	.998.....	.1.....
31418U-CG-7.....	FNMA #AD6370.....		.02/08/2011.....	CANTOR FITZGERALD & CO.....		.1,656,953.....	.1,643,089.....	.1,848.....	.1.....
31419A-NM-5.....	FNMA #AE0395.....		.02/18/2011.....	WELLSMTG.....		.1,552,057.....	.1,533,843.....	.4,410.....	.1.....
3199999 - Total	- Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ...					5,131,345.....	5,103,193.....	8,648.....	XXX.....
.03523T-AP-3.....	ANHEUSER-BUSCH INBEV.....		.03/24/2011.....	BANK OF AMERICA.....		.568,520.....	.500,000.....	.6,552.....	.2FE.....
.037411-AW-5.....	APACHE CORP.....		.02/28/2011.....	MORGAN STANLEY.....		.467,455.....	.500,000.....	.142.....	.1FE.....
.060505-AX-2.....	BANK OF AMERICA CORP.....		.03/23/2011.....	GOLDMAN SACHS.....		.527,420.....	.500,000.....	.4,943.....	.1FE.....
.172967-EQ-0.....	CITIGROUP INC.....		.03/23/2011.....	BNP.....		.536,475.....	.500,000.....	.12,757.....	.1FE.....
.17305E-ER-2.....	CCCIT 2009-A5 A5.....		.03/29/2011.....	JPM-MTGS.....		.1,020,820.....	.1,000,000.....	.6,125.....	.1FE.....
.26884T-AB-8.....	ERAC USA FINANCE COMPANY.....		.03/23/2011.....	BRCLY/CORP.....		.509,900.....	.500,000.....	.3,323.....	.2FE.....
.369626-3P-7.....	GENERAL ELEC CAP CORP.....		.03/29/2011.....			.244,888.....	.250,000.....	.3,141.....	.1FE.....
.369626-4X-9.....	GENERAL ELEC CAP CORP.....		.01/04/2011.....	VARIOUS.....		.1,000,073.....	.1,000,000.....	.0.....	.1FE.....
.375558-AQ-6.....	GILEAD SCIENCES INC.....		.03/23/2011.....	MORGAN STANLEY.....		.495,710.....	.500,000.....	.0.....	.2FE.....
.42809H-AA-5.....	HESS CORP.....		.02/18/2011.....	JP MORGAN.....		.568,760.....	.500,000.....	.875.....	.2FE.....
.441812-KD-5.....	HOUSEHOLD FINANCE CORP.....		.03/23/2011.....	GOLDMAN SACHS.....		.535,470.....	.500,000.....	.4,816.....	.1FE.....
.46625H-HV-5.....	JP MORGAN CHASE & CO.....		.03/29/2011.....	WALL STREET ACCESS.....		.244,988.....	.250,000.....	.6,111.....	.1FE.....
.617446-HR-3.....	MORGAN STANLEY.....		.03/29/2011.....	MORGAN STANLEY.....		.1,063,150.....	.1,000,000.....	.4,417.....	.1FE.....
.652482-BZ-2.....	NEWS AMERICA INC.....		.02/09/2011.....	JP MORGAN.....		.496,900.....	.500,000.....	.0.....	.2FE.....
.91913Y-AR-1.....	VALERO ENERGY CORP.....		.03/11/2011.....	NOMURA SECURITIES COMPANY LTD.....		.544,525.....	.500,000.....	.3,828.....	.2FE.....
.927804-FB-5.....	VIRGINIA ELECTRIC & POWER.....		.03/24/2011.....	JP MORGAN.....		.545,345.....	.500,000.....	.11,167.....	.1FE.....
3899999 - Total	- Bonds - Industrial, Misc.					9,370,398.....	9,000,000.....	68,196.....	XXX.....
8399997 - Total	- Bonds - Part 3					14,501,743.....	14,103,193.....	76,845.....	XXX.....
8399999 - Total	- Bonds					14,501,743.....	14,103,193.....	76,845.....	XXX.....
8999999 - Total	- Preferred Stocks					0.....	XXX.....	0.....	XXX.....
.693390-70-0.....	PIMCO FDS TOTAL RETURN - INST.....		.03/31/2011.....	VARIOUS.....	.9,688.579.....	.105,318.....	0.....	0.....	.L.....
.922040-10-0.....	VANGUARD INSTL INDEX FUND.....		.03/31/2011.....	VANGUARD FUNDS.....	718.797.....	.87,334.....	0.....	0.....	.L.....
.922908-87-6.....	VANGUARD SMALL CAP INDEX FUND.....		.03/31/2011.....	VANGUARD FUNDS.....	26.095.....	.948.....	0.....	0.....	.L.....
9299999 - Total	- Common Stocks - Mutual Funds					193,601.....	XXX.....	0.....	XXX.....
9799997 - Total	- Common Stocks - Part 3					193,601.....	XXX.....	0.....	XXX.....
9799999 - Total	- Common Stocks					193,601.....	XXX.....	0.....	XXX.....
9899999 - Total	- Preferred and Common Stocks					193,601.....	XXX.....	0.....	XXX.....
9999999 Totals						14,695,344.....	XXX.....	76,845.....	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0 .

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31331Y-CN-8.	FFCB		03/30/2011.	BNYMELLON		554,805	500,000	502,555	501,811	.0	(68)	.0	(68)	.0	501,743	.0	53,062	53,062	10,359	10/28/2016.	1.
31359W-SD-6.	FNMA		03/30/2011.	BNYMELLON		541,885	500,000	522,335	519,473	.0	(568)	.0	(568)	.0	518,905	.0	22,980	22,980	7,411	06/05/2018.	1.
31364F-CB-5.	FNMA		02/11/2011.	CABRERA		509,436	450,000	522,594	511,458	.0	(285)	.0	(285)	.0	511,173	.0	(1,737)	(1,737)	10,429	09/27/2027.	1.
36202V-XU-0.	GNMA #610991.		03/01/2011.	MBS PMT		30,850	30,850	30,638	30,846	.0	4	.0	4	.0	30,850	.0	.0	.0	210	06/01/2034.	1.
36291E-RW-5.	GNMA #626092.		03/01/2011.	MBS PMT		1,521	1,521	1,546	1,521	.0	.0	.0	.0	.0	1,521	.0	.0	.0	14	03/01/2034.	1.
36291S-PT-1.	GNMA #636834.		03/01/2011.	MBS PMT		6,045	6,045	6,170	6,045	.0	.0	.0	.0	.0	6,045	.0	.0	.0	31	11/01/2034.	1.
36295N-ND-5.	GNMA #675488.		03/01/2011.	MBS PMT		51,547	51,547	51,410	51,545	.0	2	.0	2	.0	51,547	.0	.0	.0	435	06/01/2038.	1.
362950-LK-4.	GNMA #677230.		03/01/2011.	MBS PMT		15,112	15,112	15,365	15,123	.0	(11)	.0	(11)	.0	15,112	.0	.0	.0	150	08/01/2038.	1.
36295S-C8-7.	GNMA #678795.		03/01/2011.	MBS PMT		83,783	83,783	85,210	83,836	.0	(53)	.0	(53)	.0	83,783	.0	.0	.0	924	12/01/2037.	1.
36296K-MW-9.	GNMA #693473.		03/01/2011.	MBS PMT		12,678	12,678	12,749	12,679	.0	(1)	.0	(1)	.0	12,678	.0	.0	.0	119	06/01/2038.	1.
36296U-HC-7.	GNMA #701427.		03/01/2011.	MBS PMT		25,341	25,341	25,040	25,337	.0	4	.0	4	.0	25,341	.0	.0	.0	130	11/01/2038.	1.
912828-KT-6.	US TREASURY N/B.		03/30/2011.	BRCLY/CORP.		755,535	750,000	752,083	751,605	.0	(70)	.0	(70)	.0	751,535	.0	4,000	4,000	8,906	03/31/2016.	1.
0599999 - Bonds - U.S. Governments						2,588,537	2,426,876	2,527,695	2,511,279	.0	(1,047)	.0	(1,047)	.0	2,510,232	.0	78,305	78,305	39,119	XXX	XXX
31283H-S9-7.	FHLMC G01444.		03/01/2011.	MBS PMT		5,330	5,330	5,552	5,335	.0	(5)	.0	(5)	.0	5,330	.0	.0	.0	57	08/01/2032.	1.
31283K-4D-7.	FHLMC G11720.		03/01/2011.	MBS PMT		80,844	80,844	83,825	80,952	.0	(108)	.0	(108)	.0	80,844	.0	.0	.0	571	08/01/2020.	1.
31287X-Z8-2.	FHLMC C70767.		03/01/2011.	MBS PMT		1,778	1,778	1,841	1,778	.0	.0	.0	.0	.0	1,778	.0	.0	.0	19	09/01/2032.	1.
3128JN-ZC-0.	FHLMC 1B2670.		02/01/2011.	MBS PMT		11,293	11,293	11,348	11,293	.0	(1)	.0	(1)	.0	11,293	.0	.0	.0	72	12/01/2034.	1.
3128K6-5B-2.	FHLMC A46242.		03/01/2011.	MBS PMT		23,862	23,862	22,941	23,835	.0	27	.0	27	.0	23,862	.0	.0	.0	185	07/01/2035.	1.
3128M1-C7-2.	FHLMC G11994.		03/01/2011.	MBS PMT		16,378	16,378	16,273	16,375	.0	3	.0	3	.0	16,378	.0	.0	.0	149	05/01/2021.	1.
3128M1-KY-4.	FHLMC G12211.		03/01/2011.	MBS PMT		20,486	20,486	19,997	20,470	.0	16	.0	16	.0	20,486	.0	.0	.0	161	06/01/2021.	1.
3128M1-NX-3.	FHLMC G12306.		03/01/2011.	MBS PMT		13,844	13,844	13,976	13,847	.0	(3)	.0	(3)	.0	13,844	.0	.0	.0	121	07/01/2021.	1.
3128M4-K6-9.	FHLMC G02717.		03/01/2011.	MBS PMT		44,020	44,020	43,497	44,002	.0	17	.0	17	.0	44,020	.0	.0	.0	361	02/01/2037.	1.
3128MJ-BP-4.	FHLMC G08045.		03/01/2011.	MBS PMT		18,200	18,200	18,087	18,198	.0	3	.0	3	.0	18,200	.0	.0	.0	126	03/01/2035.	1.
3128MJ-BQ-2.	FHLMC G08046.		03/01/2011.	MBS PMT		46,776	46,776	47,477	46,790	.0	(14)	.0	(14)	.0	46,776	.0	.0	.0	405	03/01/2035.	1.
3128MJ-CJ-7.	FHLMC G08072.		03/01/2011.	MBS PMT		26,383	26,383	25,711	26,368	.0	15	.0	15	.0	26,383	.0	.0	.0	194	08/01/2035.	1.
3128MJ-F4-7.	FHLMC G08186.		03/01/2011.	MBS PMT		59,634	59,634	59,056	59,619	.0	15	.0	15	.0	59,634	.0	.0	.0	516	03/01/2037.	1.
3128MJ-LL-2.	FHLMC G08330.		03/01/2011.	MBS PMT		23,928	23,928	24,197	23,933	.0	(5)	.0	(5)	.0	23,928	.0	.0	.0	138	01/01/2039.	1.
3128MN-CQ-4.	FHLMC G18078.		03/01/2011.	MBS PMT		17,623	17,623	17,317	17,613	.0	10	.0	10	.0	17,623	.0	.0	.0	143	10/01/2020.	1.
3128MN-DG-5.	FHLMC G18102.		03/01/2011.	MBS PMT		20,042	20,042	20,337	20,050	.0	(8)	.0	(8)	.0	20,042	.0	.0	.0	175	02/01/2021.	1.
31292H-R7-1.	FHLMC C01410.		03/01/2011.	MBS PMT		2,935	2,935	3,027	2,937	.0	(2)	.0	(2)	.0	2,935	.0	.0	.0	27	10/01/2032.	1.
31292H-RZ-9.	FHLMC C01404.		03/01/2011.	MBS PMT		2,015	2,015	2,090	2,016	.0	(1)	.0	(1)	.0	2,015	.0	.0	.0	21	10/01/2032.	1.
31292J-BQ-2.	FHLMC C01847.		03/01/2011.	MBS PMT		18,982	18,982	18,744	18,976	.0	5	.0	5	.0	18,982	.0	.0	.0	169	06/01/2034.	1.
31292J-BR-0.	FHLMC C01848.		03/01/2011.	MBS PMT		19,066	19,066	19,533	19,074	.0	(8)	.0	(8)	.0	19,066	.0	.0	.0	181	06/01/2034.	1.
312941-3N-5.	FHLMC A93505.		03/01/2011.	MBS PMT		17,980	17,980	18,404	17,980	.0	(6)	.0	(6)	.0	17,980	.0	.0	.0	95	08/01/2040.	1.
31294K-VC-3.	FHLMC E01607.		03/01/2011.	MBS PMT		14,995	14,995	15,183	14,999	.0	(4)	.0	(4)	.0	14,995	.0	.0	.0	119	04/01/2019.	1.
312965-TD-8.	FHLMC B13248.		03/01/2011.	MBS PMT		66,120	66,120	67,287	66,152	.0	(32)	.0	(32)	.0	66,120	.0	.0	.0	524	04/01/2019.	1.
312969-ZB-8.	FHLMC B17190.		03/01/2011.	MBS PMT		8,643	8,643	8,632	8,643	.0	.0	.0	.0	.0	8,643	.0	.0	.0	65	11/01/2019.	1.
312969-FY-9.	FHLMC B16483.		03/01/2011.	MBS PMT		10,123	10,123	10,362	10,127	.0	(4)	.0	(4)	.0	10,123	.0	.0	.0	77	09/01/2019.	1.
31297C-KU-3.	FHLMC A24807.		03/01/2011.	MBS PMT		56,475	56,475	55,725	56,472	.0	3	.0	3	.0	56,475	.0	.0	.0	255	07/01/2034.	1.
31297C-ZQ-6.	FHLMC A25251.		03/01/2011.	MBS PMT		1,849	1,849	1,912	1,849	.0	.0	.0	.0	.0	1,849	.0	.0	.0	19	08/01/2034.	1.
31297E-UN-4.	FHLMC A26889.		03/01/2011.	MBS PMT		1,113	1,113	1,125	1,113	.0	.0	.0	.0	.0	1,113	.0	.0	.0	10	09/01/2034.	1.
31297G-FG-1.	FHLMC A28267.		03/01/2011.	MBS PMT		12,819	12,819	13,032	12,820	.0	(1)	.0	(1)	.0	12,819	.0	.0	.0	118	11/01/2034.	1.
31297M-OE-1.	FHLMC A32253.		03/01/2011.	MBS PMT		2,209	2,209	2,159	2,208	.0	.0	.0	.0	.0	2,209	.0	.0	.0	18	04/01/2035.	1.
31297N-TA-4.	FHLMC A33245.		03/01/2011.	MBS PMT		32,448	32,448	31,450	32,413	.0	35	.0	35	.0	32,448	.0	.0	.0	215	02/01/2035.	1.
31335H-4P-5.	FHLMC C90830.		03/01/2011.	MBS PMT		28,187	28,187	27,777	28,174	.0	12	.0	12	.0	28,187	.0	.0	.0	195	05/01/2024.	1.
31335H-5F-6.	FHLMC C90846.		03/01/2011.	MBS PMT		27,292	27,292	27,906	27,311	.0	(18)	.0	(18)	.0	27,292	.0	.0	.0	227		

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
										11	12	13	14	15							
31385X-BD-8..	FNMA #555436.....		03/01/2011..	MBS PMT.....		21,948	21,948	22,713	21,969	0	(21)	0	(21)	0	21,948	0	0	0	203	05/01/2033..	1..
31385X-NR-4..	FNMA #555800.....		03/01/2011..	MBS PMT.....		27,473	27,473	27,721	27,479	0	(6)	0	(6)	0	27,473	0	0	0	232	10/01/2033..	1..
31388K-GA-4..	FNMA #606893.....		03/01/2011..	MBS PMT.....		680	680	700	680	0	0	0	0	0	680	0	0	0	4	10/01/2031..	1..
31388L-C8-1..	FNMA #607695.....		03/01/2011..	MBS PMT.....		2,626	2,626	2,715	2,628	0	(1)	0	(1)	0	2,626	0	0	0	20	11/01/2031..	1..
31388R-GT-8..	FNMA #612310.....		03/01/2011..	MBS PMT.....		1,372	1,372	1,418	1,373	0	(1)	0	(1)	0	1,372	0	0	0	16	09/01/2016..	1..
31389U-TR-0..	FNMA #636060.....		03/01/2011..	MBS PMT.....		74	74	77	74	0	0	0	0	0	74	0	0	0	1	04/01/2032..	1..
3138A5-FX-5..	FNMA #AH3781.....		03/01/2011..	MBS PMT.....		2,678	2,678	2,609	0	0	0	0	0	0	2,678	0	0	0	9	02/01/2041..	1..
31391D-DD-2..	FNMA #663500.....		03/01/2011..	MBS PMT.....		1,934	1,934	1,958	1,934	0	0	0	0	0	1,934	0	0	0	18	10/01/2032..	1..
31391J-JM-3..	FNMA #668168.....		03/01/2011..	MBS PMT.....		207	207	214	207	0	0	0	0	0	207	0	0	0	2	11/01/2032..	1..
313910-S8-8..	FNMA #673843.....		03/01/2011..	MBS PMT.....		2,518	2,518	2,566	2,519	0	(1)	0	(1)	0	2,518	0	0	0	23	10/01/2017..	1..
313930-N3-2..	FHLMC 2614 KB.....		03/01/2011..	MBS PMT.....		99,994	99,994	103,744	100,292	0	(298)	0	(298)	0	99,994	0	0	0	685	09/01/2012..	1..
31393W-V9-7..	FHLMC 2641 KJ.....		03/01/2011..	MBS PMT.....		33,885	33,885	34,923	33,929	0	(44)	0	(44)	0	33,885	0	0	0	214	11/01/2014..	1..
313956-ZT-2..	FHLMC 2874 BA.....		03/01/2011..	MBS PMT.....		66,476	66,476	68,211	66,604	0	(128)	0	(128)	0	66,476	0	0	0	448	04/01/2013..	1..
31397N-E5-0..	FNMA 2009-31 A.....		03/01/2011..	MBS PMT.....		68,477	68,477	70,617	68,554	0	(78)	0	(78)	0	68,477	0	0	0	421	02/01/2018..	1..
31398E-AB-0..	FHLMC 3544 KA.....		03/01/2011..	MBS PMT.....		105,914	105,914	108,926	106,025	0	(111)	0	(111)	0	105,914	0	0	0	706	11/01/2017..	1..
31400C-6F-6..	FNMA #684070.....		03/01/2011..	MBS PMT.....		9,758	9,758	9,990	9,761	0	(3)	0	(3)	0	9,758	0	0	0	57	05/01/2018..	1..
31400W-T7-5..	FNMA #699974.....		03/01/2011..	MBS PMT.....		6,183	6,183	6,334	6,186	0	(3)	0	(3)	0	6,183	0	0	0	57	04/01/2033..	1..
31401B-VB-8..	FNMA #703610.....		03/01/2011..	MBS PMT.....		8,916	8,916	9,146	8,922	0	(6)	0	(6)	0	8,916	0	0	0	64	06/01/2018..	1..
31401W-V9-7..	FNMA #720740.....		03/01/2011..	MBS PMT.....		6,225	6,225	6,372	6,226	0	(1)	0	(1)	0	6,225	0	0	0	37	07/01/2033..	1..
314020-CF-6..	FNMA #734570.....		03/01/2011..	MBS PMT.....		30,540	30,540	30,277	30,539	0	1	0	1	0	30,540	0	0	0	143	08/01/2033..	1..
31402W-LY-2..	FNMA #740243.....		03/01/2011..	MBS PMT.....		34,642	34,642	35,140	34,666	0	(24)	0	(24)	0	34,642	0	0	0	353	10/01/2033..	1..
31403D-T8-2..	FNMA #745875.....		03/01/2011..	MBS PMT.....		18,261	18,261	18,423	18,265	0	(3)	0	(3)	0	18,261	0	0	0	193	09/01/2036..	1..
31403U-3H-2..	FNMA #758700.....		03/01/2011..	MBS PMT.....		13,156	13,156	12,860	13,154	0	3	0	3	0	13,156	0	0	0	88	11/01/2019..	1..
31403V-GR-4..	FNMA #759008.....		03/01/2011..	MBS PMT.....		7,519	7,519	7,462	7,518	0	0	0	0	0	7,519	0	0	0	37	01/01/2034..	1..
31404D-Q6-6..	FNMA #765555.....		03/01/2011..	MBS PMT.....		1,319	1,319	1,299	1,319	0	0	0	0	0	1,319	0	0	0	11	12/01/2033..	1..
31404J-QD-0..	FNMA #770052.....		03/01/2011..	MBS PMT.....		11,942	11,942	12,054	11,945	0	(3)	0	(3)	0	11,942	0	0	0	101	03/01/2019..	1..
31404K-TB-8..	FNMA #771046.....		03/01/2011..	MBS PMT.....		12,035	12,035	11,995	12,034	0	0	0	0	0	12,035	0	0	0	91	04/01/2019..	1..
31405B-A6-8..	FNMA #784029.....		03/01/2011..	MBS PMT.....		26,180	26,180	26,094	26,178	0	2	0	2	0	26,180	0	0	0	154	06/01/2019..	1..
31405C-UT-4..	FNMA #785494.....		03/01/2011..	MBS PMT.....		26,002	26,002	25,807	25,999	0	2	0	2	0	26,002	0	0	0	255	06/01/2034..	1..
31405F-3V-2..	FNMA #788412.....		03/01/2011..	MBS PMT.....		4,120	4,120	4,064	4,120	0	1	0	1	0	4,120	0	0	0	30	07/01/2019..	1..
31405H-56-9..	FNMA #790247.....		03/01/2011..	MBS PMT.....		25,677	25,677	25,099	25,675	0	2	0	2	0	25,677	0	0	0	110	08/01/2034..	1..
31405M-MA-2..	FNMA #793353.....		03/01/2011..	MBS PMT.....		15,361	15,361	15,822	15,363	0	(2)	0	(2)	0	15,361	0	0	0	222	08/01/2034..	1..
31405N-S8-9..	FNMA #794443.....		03/01/2011..	MBS PMT.....		17,173	17,173	17,375	17,176	0	(3)	0	(3)	0	17,173	0	0	0	195	10/01/2034..	1..
31405P-Q0-6..	FNMA #795263.....		03/01/2011..	MBS PMT.....		10,996	10,996	11,196	11,000	0	(4)	0	(4)	0	10,996	0	0	0	83	09/01/2019..	1..
31406B-EU-0..	FNMA #804847.....		03/01/2011..	MBS PMT.....		23,276	23,276	22,449	23,269	0	7	0	7	0	23,276	0	0	0	182	01/01/2035..	1..
31406F-TS-0..	FNMA #808861.....		03/01/2011..	MBS PMT.....		30,702	30,702	31,180	30,711	0	(9)	0	(9)	0	30,702	0	0	0	292	01/01/2035..	1..
31406K-E9-7..	FNMA #812060.....		03/01/2011..	MBS PMT.....		13,291	13,291	13,231	13,291	0	0	0	0	0	13,291	0	0	0	62	03/01/2035..	1..
31406T-JR-3..	FNMA #819372.....		03/01/2011..	MBS PMT.....		28,496	28,496	28,347	28,491	0	5	0	5	0	28,496	0	0	0	205	03/01/2020..	1..
31407B-U6-4..	FNMA #826005.....		03/01/2011..	MBS PMT.....		18,646	18,646	18,003	18,628	0	18	0	18	0	18,646	0	0	0	150	07/01/2035..	1..
31407Y-R6-8..	FNMA #844809.....		03/01/2011..	MBS PMT.....		34,422	34,422	33,519	34,392	0	31	0	31	0	34,422	0	0	0	262	11/01/2035..	1..
31408A-EN-6..	FNMA #845341.....		03/01/2011..	MBS PMT.....		20,524	20,524	20,435	20,523	0	2	0	2	0	20,524	0	0	0	164	01/01/2036..	1..
31408B-2X-5..	FNMA #846890.....		03/01/2011..	MBS PMT.....		28,101	28,101	27,741	28,093	0	8	0	8	0	28,101	0	0	0	249	12/01/2035..	1..
31408D-U0-5..	FNMA #848491.....		03/01/2011..	MBS PMT.....		30,737	30,737	30,141	30,725	0	12	0	12	0	30,737	0	0	0	262	12/01/2035..	1..
31409E-LS-8..	FNMA #868937.....		03/01/2011..	MBS PMT.....		9,131	9,131	9,242	9,133	0	(2)	0	(2)	0	9,131	0	0	0	113	05/01/2036..	1..
31410K-JY-1..	FNMA #889579.....	</																			

SCHEDULE D - PART 4

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
209615-CA-9	CONSOLIDATED NATURAL GAS	02/09/2011	CSX CORP.		625,485	575,000	619,021	613,100	0	(1,097)	0	(1,097)	0	612,003	0	13,482	13,482	5,830	12/01/2014	2FE	
25179M-AH-6	DEVON ENERGY CORPORATION	03/23/2011	VARIOUS		1,174,795	1,000,000	1,118,770	1,108,704	0	(2,333)	0	(2,333)	0	1,106,371	0	68,424	68,424	42,088	01/15/2019	2FE	
368280-DM-5	GECMC 2004-C1 A2	03/01/2011	MBS PMT.		17,378	17,378	17,003	17,378	0	0	0	0	0	17,378	0	0	0	116	04/01/2011	1Z	
437076-AT-9	HOME DEPOT INC.	01/03/2011	DMG		781,552	800,000	801,207	801,178	0	(1)	0	(1)	0	801,177	0	(19,625)	(19,625)	10,182	09/15/2020	2FE	
46625M-WW-5	JPMCC 2003-CB6 A1	03/01/2011	MBS PMT.		26,515	26,515	26,743	26,519	0	(4)	0	(4)	0	26,515	0	0	0	201	12/01/2012	1Z	
46625Y-DB-6	JPMCC 2004-CBX A3	03/01/2011	MBS PMT.		23,522	23,522	23,177	23,522	0	0	0	0	0	23,522	0	0	0	160	06/01/2011	1Z	
786514-BR-9	SAFEWAY INC.	03/23/2011	GOLDMAN SACHS		1,033,550	1,000,000	1,103,240	1,099,782	0	(2,393)	0	(2,393)	0	1,097,389	0	(63,839)	(63,839)	30,972	08/15/2019	2FE	
854403-AA-0	STANFORD UNIVERSITY	02/18/2011	KNIGHT SECURITIES LP		528,155	500,000	504,445	503,045	0	(127)	0	(127)	0	502,918	0	25,237	25,237	5,689	05/01/2014	1FE	
88732J-AW-8	TIME WARNER CABLE INC.	01/03/2011	BONDS/DIRECT		718,515	700,000	697,342	697,962	0	2	0	2	0	697,965	0	20,550	20,550	15,069	02/01/2020	2FE	
91913Y-AM-2	VALERO ENERGY CORP	03/11/2011	GOLDMAN SACHS		556,930	500,000	536,520	536,399	0	(1,012)	0	(1,012)	0	535,387	0	21,543	21,543	7,741	06/15/2017	2FE	
927804-FH-2	POWER	03/23/2011	WALL STREET ACCESS		806,723	750,000	814,343	811,272	0	(1,489)	0	(1,489)	0	809,784	0	(3,061)	(3,061)	9,167	06/30/2019	1FE	
25243Y-AJ-8	DIAGEO CAPITAL PLC.	03/23/2011	STIFEL NICHOLAUS & CO, INC		561,410	500,000	529,300	524,219	0	(893)	0	(893)	0	523,326	0	38,084	38,084	13,597	09/30/2016	1FE	
3899999 - Bonds - Industrial and Miscellaneous					8,233,967	7,649,480	8,074,833	8,044,012	0	(9,877)	0	(9,877)	0	8,034,136	0	199,831	199,831	186,856	XXX	XXX	
8399997 - Bonds - Part 4					14,224,307	13,478,159	14,067,419	13,924,923	0	(16,578)	0	(16,578)	0	13,946,171	0	278,136	278,136	252,697	XXX	XXX	
8399999 - Total - Bonds					14,224,307	13,478,159	14,067,419	13,924,923	0	(16,578)	0	(16,578)	0	13,946,171	0	278,136	278,136	252,697	XXX	XXX	
8999999 - Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
9799999 - Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
9899999 - Total - Preferred and Common Stocks					0	XXX	0	0	0</												

E05.2

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF MARCH 31, 2011 OF THE Priority Health

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0